



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

400 Seventh St., S.W.
Washington, D.C. 20590

OST-1997-2515-19

FEB 9 2005

The Honorable Debbie Masten
Mayor of the City of Kirksville
City Hall
201 South Franklin Street
Kirksville, Missouri 63501

Dear Mayor Masten:

I would like to update you on the essential air service situation at Kirksville and give you an opportunity to submit any comments if you wish. As you know, by Order 2004-12-13, December 29, 2004, the Department tentatively terminated the EAS subsidy eligibility for Kirksville because the cost exceeded the statutory \$200 per passenger cap. However, we allowed carriers to submit proposals for Kirksville, as well as six other communities in Iowa, Missouri, Tennessee, Illinois, and Kentucky that would meet the statutory requirements. In response to that order, we received a total of 42 proposal options from five carriers – Corporate Airlines, Inc. d/b/a American Connection (Corporate), Great Lakes Aviation, Ltd. (Great Lakes), Mesa Air Group d/b/a Air Midwest (Air Midwest), Mesaba Aviation d/b/a Northwest Airlink (Mesaba), and Multi-Aero, Inc. d/b/a Air Choice One, Inc. (Multi-Aero). Please note that while Corporate, Great Lakes, and Air Midwest submitted a number of service options, each of their options represents an indivisible package that cannot be separated on a community by community basis. Also, some carriers submitted options involving fewer than six communities. For example, Mesaba submitted a proposal for just Jackson, Tennessee. While we would normally write up a brief summary of all the proposals, it is not practical in this case given the number of options. While we would normally write up a brief summary of all the proposals, it is not practical in this case given the number of options. Moreover, each carrier was directed to serve its proposal(s) on you; in addition, copies of the proposals may be accessed online through the Department's Dockets Management System at: <http://dms.dot.gov/> by doing a simple search on Docket Number 2515 for Kirksville, or on 8731, 1167, 7855, 7857, 7881, and 1559 for one of the other communities.

My purpose in writing to you at this time is to request any final comments you might have on the carriers' service and subsidy proposals before we submit a recommendation on the carrier selection issue to the Assistant Secretary for Aviation and International Affairs.

DEPT OF TRANSPORTATION
DOCKETS
2005 FEB -9 P 4:53

Please note that the average passenger fares shown in each proposal do not necessarily reflect the average local fare Kirksville passengers would actually pay, but, rather, reflect a prorated portion of the total ticket price, e.g., the Kirksville – St. Louis portion of a Kirksville – St. Louis – Los Angeles ticket that the subsidized carrier would realize. Also, the fare shown is net of certain charges such as Federal excise or ticket taxes and Passenger Facility Charges. Of course, carriers have the discretion to charge fares they deem appropriate, and the passenger fares presented in their proposals have been developed for subsidy rate computation purposes only. Based on the cost elements incorporated in the carriers' computation summaries, the carriers would have to realize passenger fares comparable to the averages shown in their proposals in order to achieve break-even or profitable operations without subsidy.

You should also note that the schedules that the carriers have submitted are illustrative only, and that they may make schedule changes to reflect changing conditions, e.g., to better meet shifting connecting bank times at the hub. The Department expects subsidized air carriers to maintain well-timed and well-spaced flights in order to ensure full compensation.

As a final point, please note that Multi-Aero has applied to the Department for authority to operate to the same standards as the other carriers, and while it may receive such authority within the next several months, it currently does not hold the authority to provide scheduled passenger service with aircraft having a capacity of greater than 9 passenger seats. Because all three communities for which Multi-Aero has submitted proposals are guaranteed service with twin-engine, 15 seat or larger aircraft, a community would have to waive these guarantees for the two-year contract period in order for us to select Multi-Aero.

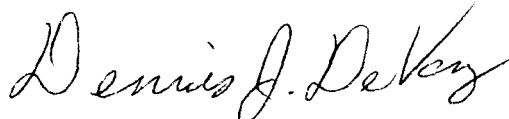
We request that you review each proposal and service option and submit any comments you may have before we submit a recommendation to the Assistant Secretary. As you are reviewing the proposals, please bear in mind that, in order to be selectable, a proposal must not require a subsidy rate that exceed the statutory cap of \$200 per passenger, based on actual passengers carried, not carriers' forecasts. We ask that you submit any comments you may have as soon as possible, but in any case no later than February 25. We will carefully consider your comments before we submit a recommendation to the Assistant Secretary for a decision. We appreciate that there are significant issues for you to consider, so if you have any questions or if you find that you need additional time to draft your comments, please let us know.

Please send an original and one copy of your comments to me at the following address: Essential Air Service Division, X-53; Room 6401; Office of Aviation Analysis; Department of Transportation; 400 Seventh Street, S.W.; Washington, D.C. 20590. You should also send a copy to each carrier. In order to expedite the process, we would appreciate your sending an advance copy by fax to 202-366-7638 or by email to

dennis.devany@ost.dot.gov or mike.waters@ost.dot.gov. Again, if you have any questions, please feel free to contact Mike Waters of my staff at 202-366-6494.

Similar letters have been sent to each of the other communities, as well as to the Airport Manager.

Sincerely,

A handwritten signature in cursive script that reads "Dennis J. DeVany". The signature is written in dark ink and is positioned above the printed name and title.

Dennis J. DeVany
Chief, Essential Air Service Division, X-53
Office of Aviation Analysis